

Message Text

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21

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 EB-11 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-02

LAB-06 SIL-01 OMB-01 AEC-11 CEA-02 DODE-00 FEA-02

FPC-01 H-03 INT-08 L-03 NSC-07 PM-07 SAM-01 SCI-06

SS-20 STR-08 PA-04 PRS-01 USIA-15 IGA-02 SAJ-01 NIC-01

DRC-01 /201 W

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R 242145Z APR 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 6194

USDOC WASHDC

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PASS EXIMBANK

E.O. 11652: N/A

TAGS: BEXP, EFIN, AR

SUBJ: WESTINGHOUSE TO PROPOSE TO GOA THAT SALTO GRANDE

AWARD BE SPLIT BETWEEN RUSSIANS AND THEMSELVES

REF: A. BA 1937; B. BA 0411; C. STATE 58640

1. WESTINGHOUSE EXECUTIVES WERE RECENTLY IN BUENOS AIRES AGAIN FOR CONSULTATIONS WITH GOA FIRM SIAM ABOUT COLLABORATING ON SIAM EXPANSION PLAN FOR ITS ELECTRONCHNAICAL DIVISION (SEE REF A). THEY TOLD EMBASSY THAT THEY HAVE DECIDED TO LINK THEIR OFFER TO SIAM WITH A PROPOSAL THAT SIAM/WESTINGHOUSE JOIN TOGETHER IN OFFERING TO SUPPLY HALF THE ELECTROMECHANICAL EQUIPMENT FOR THE SALTO GRANDE PROJECT. (THE SALTO GRANDE EQUIPMENT AWARD IS STILL PENDING AND IS EXPECTED TO BE ANNOUNCED SOON; THE SOVIETS REMAIN THE LIKELY WINNERS. TWO US FIRMS

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WESTINGHOU AND ALLIS CHALMERS, BID ON PROJECT; ALLIS CHALMERS

HAD BETTER PRICE THAN WESTINGHOUS).

2. WESTINGHOUS HAS ASKED THAT THE AWARD BE DELAYED IN ORDER TO HAVE TIME TO PREPARE THEIR SECOND OFFER WHICH THEY ANTICIPATE WILL BE READY BY THE FIRST WEEK IN MAY, RPT FIRST WEEK IN MAY. THEY ARE COUNTING ON THE ATTRACTIVENESS OF A LARGER ROLE FOR DOMESTIC INDUSTRY (I.S. SIAM) IN THE PROJECT, PLUS REPORTED URUGUAYAN POLITICAL OBJECTIONS TO GIVING THE PROJECT TO THE RUSSIANS TO INDUCE THE GOA TO HOLD UP THE AWARD. WESTINGHOUS FURTHER BLEIVES THEY CAN QUOTE A MORE ATTRACTIVE PRICE ON THE SALTO GRANDE PROJECT THIS TIME, CONDITIONED ON THEIR LONG TERM PARTICIPATION WITH SIAM IN SUPPLYING EQUIPMENT FOR THE GOA'S MULTI BILLION DOLLAR ELECTRICAL SUBSECTOR PLAN. EVEN SO THEY ARE NOT OPTIMISITC THAT THEIR SCHEME WILL BE ACCEPTED. BUT THEY FEEL THE PROPOASL WILL ENHANCE THEIR CHANCES FOR THE LONG TERM ARRANGMENT WITH SIAM, AND SO THEY ARE GOING AHEAD.

3. THE EMBASSY HAS BEEN ASKED TO CONTINUE TO LEND "COSMETIC" ASSISTNACE BY REITERATING TO GOA OUR SUPPORT FOR WESTINGHOUSES PROPOSALS, NOW TO INCLUDE THE SALTO GRANDE AWARD SPLIT. WE HAVE BEEN ASKED TO POINT OUT THAT WESTINGHOUS HAS WORKED SUCCESSFULLY BEFORE WITH RUSSIANS AND THAT THERE ARE NO REASONS THEY COULD NOT DO SO ON SALTO GRANDE.

4. AS INDICATED REF A, THE EMBASSY SUPTORTS WESTINGHOUS EFFORTS TO ARRIVE AT AN ARRANGEMENT WITH SIAM. WE ARE NOT SANGUINE ABOUT THEIR SALTO GRANDE PROPOSAL, BUT WILL COMPLY WITH THEIR REQUEST FOR ASSISTANCE IN THIS REGARD IN LOW KEY, SIMPLY BY POINTINOUT THAT WE BLEIEVE EITHER OF US COMPANIES WHO BID ON PROJECT (WESTINGHOUS AND ALLIS CHALMERS) COULD WORK WELL WITH SOVIETS IF THE GOA AND THE GOU WERE OF A MIND TO SPLIT THE PROJECT.

5. WE UNDERSTAND THE COMPANY WILL BE VISITING EXIMBANK AGAIN IN ORDER TO FINALIZE ARRANGEMENTS FOR PC FOR SIAM DEAL.

DECON 4/23/75.

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